

**CITY OF SAN JOSE/AFSCME LOCAL 101,
MUNICIPAL EMPLOYEES' FEDERATION AND
CONFIDENTIAL EMPLOYEES' ORGANIZATION
TENTATIVE AGREEMENT ON WAGE FREEZE**

1. GENERAL WAGE INCREASE

Municipal Employees' Federation

The current 2008-2011 MEF Memorandum of Agreement (MOA), provides that effective June 28, 2009, all salary ranges for employees holding positions in classifications assigned to MEF (Union Codes 051/05 and 052/07) shall be increased by approximately 1.50%.

The following change will occur with this Agreement:

12.2 Wages 2009-2010. Effective June 28, 2009, all salary ranges for employees holding positions in classifications assigned to MEF (Union Codes 051/05 and 052/07) shall be ~~increased by approximately 1.50%. The 2009-2010 salary ranges are listed in Exhibit I and Exhibit II and shall remain in effect until June 26, 2010.~~ maintained in effect as of June 29, 2008.

This means that MEF would be foregoing the 1.5% general wage increase scheduled for June 28, 2009.

Confidential Employees' Organization

The current 2008-2011 CEO Memorandum of Agreement (MOA), provides that effective September 20, 2009, all salary ranges for employees holding positions in classifications assigned to CEO shall be increased by approximately 1.50%.

The following change will occur with this Agreement:

7.1.2 Wages 2009-2010. Effective September 20, 2009, all salary ranges for employees holding positions in classifications assigned to CEO shall be ~~increased by approximately 1.50%. The 2009-2010 salary ranges are listed in Exhibit II.~~ maintained in effect as of September 21, 2008.

This means that CEO would be foregoing the 1.5% general wage increase scheduled for September 20, 2009.

2. STEP INCREASES

Employees advance through the salary step system per the City's current practice. Effective June 28, 2009, all AFSCME Local 101, MEF and CEO represented employees will have step and merit increases frozen through the end of Fiscal Year 2009-2010. Upon the end of Fiscal Year 2009-2010, employees represented by AFSCME Local 101, MEF and CEO will become eligible for step increases upon completion of an additional 2080 seniority hours after the date they did not receive a step increase for which they were previously eligible.

Handwritten signatures and dates:
6/17/09
yoc 6/17/09
Bme 6/17/09

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3. GRANT REQUESTS

The City agrees to provide AFSCME Local 101, MEF and CEO with electronic copies of all American Recovery and Reinvestment Act (ARRA) grant requests submitted by the City within ten days of submittal.

4. EMPLOYMENT SERVICES CONSOLIDATION

Section 3.04.520 of the San Jose Municipal Code states that the Director of Human Resources may make revisions or amendments to the classification plan at any time, including adding or deleting classifications. The City believes that the creation of a new classification as part of the Employment Services Consolidation budget proposal contained in the Fiscal Year 2009-2010 Proposed Operating Budget is an important piece of this new Employment model. However, during Fiscal Year 2009-2010, the Director of Human Resources will not be creating a new classification as part of the Employment Services Consolidation proposal. This means that the Employment Services Consolidation budget proposal will still move forward for Fiscal Year 2009-2010, pending approval by the City Council, but that the City will not create a new classification in Fiscal Year 2009-2010.

If this agreement is not ratified by the AFSCME Local 101, CEO membership and/or not approved by the City Council, it is the intent of the City to move forward with the creation of the new classification in Fiscal Year 2009-2010.

5. RETIREE HEALTHCARE

The agreement between the City and AFSCME Local 101, MEF and CEO, regarding retiree healthcare dated March 4, 2009, shall be modified as follows:

Municipal Employees' Federation

3.1.5 Healthcare Cost Mitigation.

3.1.5.1 Notwithstanding any other provision of this Agreement, the parties agree to commence meeting and conferring between January 1, ~~2010~~2011, and January 19, ~~2010~~2011, on retiree healthcare benefits for future employees and a medical reimbursement program for future retirees.

3.1.5.2 The parties intend to engage in the foregoing negotiations in a coalition bargaining process with all other interested represented bargaining units, if any. However, negotiations between the City and Employee Organization shall commence no later than January 19, ~~2010~~2011 with or without participation of any other bargaining unit. The City and Employee Organization shall negotiate in good faith in an effort to reach a mutual agreement.

3.1.5.3 If no agreement is reached, the parties will follow the impasse procedures set forth in the City of San Jose's Employer-Employee Relations Resolution (#39367) and the Meyers-Milias-Brown Act. The parties understand that this

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Bme 6/17/09

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means that, notwithstanding any other provision of this agreement, the City will have the right to unilaterally implement in the event that no agreement is reached at the conclusion of negotiations and mandatory impasse procedures. The City agrees that a unilateral implementation of retiree healthcare benefits for future employees shall not be effective before July 1, ~~2010~~2011.

All other provisions of the Agreement dated March 4, 2009 will remain in effect and unchanged. Upon ratification of the MEF membership and approval of this Agreement by the City Council, the parties agree to execute a revised retiree healthcare agreement that incorporates the changes above.

Confidential Employees' Organization

4.6 Healthcare Cost Mitigation

- 4.6.1 Notwithstanding any other provision of this agreement, the parties agree to commence meeting and conferring between January 1, ~~2010~~2011, and January 19, ~~2010~~2011, on retiree healthcare benefits for future employees and a medical reimbursement program for future retirees.
- 4.6.2 The parties intend to engage in the foregoing negotiations in a coalition bargaining process with all other interested bargaining units, if any. However, negotiations between the City and Employee Organization shall commence no later than January 19, ~~2010~~2011 with, or without participation of any other bargaining unit. The City and Employee Organization shall negotiate in good faith in an effort to reach a mutual agreement.
- 4.6.3 If no agreement is reached, the parties will follow the impasse procedures set forth in the Employer-Employee Relations Resolution (#39367) and the Meyers-Millias-Brown Act. The parties understand that this means that, notwithstanding any other provision of this agreement, the City will have the right to unilaterally implement in the event that no agreement is reached at the conclusion of negotiations and mandatory impasse procedures. The City agrees that a unilateral implementation of retiree healthcare benefits for future employees shall not be effective before July 1, ~~2010~~2011.

All other provisions of the Agreement dated March 4, 2009 will remain in effect and unchanged. Upon ratification of the CEO membership and approval of this Agreement by the City Council, the parties agree to execute a revised retiree healthcare agreement that incorporates the changes above.

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6. FISCAL YEAR 2009-2010 COST SAVINGS

With the approval of the Mayor's Budget Message on June 16, 2009, the City Council approved the following restoration of services that are almost all provided by AFSCME Local 101, MEF and CEO represented employees:

Service	General Fund Cost	Total FTEs	AFSCME FTEs
Satellite and Neighborhood Community Centers	\$671,381 (net)	23.04	22.04
Restoration of Services to Branch Libraries	\$1,199,036	16.40	15.40
Dr. Martin Luther King, Jr. Library	\$186,392	2.50	2.50
TOTAL	\$2,056,809	41.94	39.94

In addition to the above, this Agreement will save approximately \$6 million in 2009-2010, and of that, approximately \$3.8 million in the General Fund. It is the decision of the City Council to determine the services that the City provides. However, in recognition for AFSCME Local 101, MEF and CEO's agreement to a wage freeze in 2009-2010 and as approved by the City Council as part of the Mayor's Budget Message on June 16, 2009, the City will restore the proposed service and position reductions below. The restoration of the proposed service and position reductions contained in this Agreement shall occur at the City Council meeting on June 23, 2009, concurrent with Council approval of this Agreement.

Service	General Fund Cost	Total FTEs	AFSCME FTEs
Remaining Library Hours	\$837,815	10.26	9.26
Library System-wide Support Staffing	\$192,451	3.00	3.00
City Hall Custodial Services Staffing	\$491,333	7.00	6.00
General Code Enforcement Workers	\$201,535	2.00	2.00
Traffic Calming Program Staffing	\$257,491	3.00	1.00
Help Desk Staffing	\$346,715	3.00	1.00
Risk Administration Administrative Staffing	\$190,818	2.00	2.00
Workers Compensation Claims Staffing	\$201,083	2.00	2.00
Police Records Staffing	\$360,789	4.50	4.50
Police Activities League Maintenance	\$72,162	1.00	0
Clerks Contract Support Staffing	\$200,170	2.00	2.00
Contract Compliance Specialist Position	\$88,219	1.00	1.00
Crime Prevention Staffing	\$370,058	4.00	4.00
Risk Management Staffing	\$156,392	1.00	0
TOTAL	\$3,967,031	45.76	37.76

The above service and position restorations will occur if both MEF and CEO ratify this Agreement. In the event that CEO does not ratify this Agreement, the Clerk's Contract Support Staffing and the CEO represented position in the Risk Administration Administrative Staffing will not be restored.

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Done 6/17/09
yjac 6/17/09

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In the event that MEF does not ratify this Agreement, only the Clerk's Contract Support Staffing and the CEO represented position in the Risk Administration Administrative Staffing will be restored.

Although a wage freeze will lessen the number of job cuts, this is not a guarantee of no layoffs in solving the current \$84.2 million deficit for Fiscal Year 2009-2010.

Further, if the City's fiscal situation worsens in 2009-2010 because of economic impacts, including, but not limited to, State budget impacts, and impact to revenues, such as property tax, sales tax, transient occupancy tax, or the motor vehicle in-lieu fee, additional position eliminations may be necessary. Although the parties understand that additional position eliminations may be necessary in 2009-2010 if the City's fiscal situation worsens, the City agrees that no additional position eliminations in 2009-2010 will be made that results in layoffs of employees represented by AFSCME Local 101, MEF and CEO in order to provide additional compensation to employees in other bargaining units or to avoid proposed position eliminations of positions in other bargaining units.

Regarding the approximately \$2.2 million that would be saved that is Special and Capital Funds, this will reduce expenses in those funds, but there may be limited opportunities to avoid position eliminations. However, consideration will be given to use the savings from a wage freeze for position eliminations, although those opportunities will be limited.

7. DISPUTE RESOLUTION PROCEDURE

Sections 1-5 and 8 of this Agreement are subject to the grievance procedures contained in the AFSCME Local 101, MEF and CEO MOAs, starting at Step III. No other provisions of this Agreement are subject to the grievance procedures contained in the AFSCME Local 101, MEF and CEO MOAs.

The restoration of the proposed service and position reductions contained in Section 6 shall occur at the City Council meeting on June 23, 2009, concurrent with Council approval of this Agreement. In the event of disputes over Section 6, the dispute resolution procedure shall be as follows:

- Step 1: **City Manager.** In the event of a dispute, the bargaining unit would meet with the City Manager or designated representative in attempt to resolve the dispute.
- Step 2: **Mediation** (through State Mediation and Conciliation Service). In the event the dispute is not resolved at Step 1, the City and MEF and CEO would engage in mediation with a mediator through the State Mediation and Conciliation Service.
- Step 3: **Legal Action.** In the event the dispute is not resolved at Step 2, AFSCME Local 101, MEF and/or CEO could pursue any remedy allowed by law, such as court actions.

AG
6/17/09

Done 6/17/09
YPC
6/17/09

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8. EXPIRATION


This agreement expires on June 30, 2010.


The City is providing the terms contained in this Agreement in recognition of AFSCME Local 101, MEF and CEO's agreement to modify the terms of their contracts and this does not set any precedent for any future agreements.

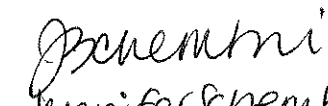
This agreement is still considered tentative and shall not be considered final or binding until ratified by the MEF and/or CEO membership and approved by the City Council. This document sets forth the full agreements of the parties. Anything not included in this document is not part of this tentative agreement.

For the City:


 6/17/09
Debra J. Figone

 6/17/09
ALEX GURTZ


 06/17/09
Gina Donnelly

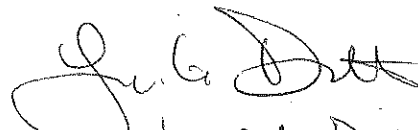
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